

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6985

BILL NUMBER: SB 344

NOTE PREPARED: Jan 2, 2015

BILL AMENDED:

SUBJECT: Prekindergarten Education.

FIRST AUTHOR: Sen. Rogers

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill expands the Prekindergarten Pilot Program to include 13 counties that were selected as finalist counties by the Office of the Secretary of Family and Social Services Administration (FSSA) but were not selected as one of the 5 initial pilot counties. The bill provides that the Pilot Program in finalist counties is to be funded from the State Lottery Administrative Trust Fund. The bill also makes an appropriation.

Effective Date: Upon passage; July 1, 2015.

Explanation of State Expenditures: *Summary:* The bill would spend \$10 M annually from the Administrative Trust Fund to provide prekindergarten services in 13 counties specified in the bill beginning in FY 2016 and continuing through FY 2026. The 13 counties specified in the bill are Bartholomew, Delaware, Elkhart, Grant, Howard, Kosciusko, Lawrence, Madison, Noble, St. Joseph, Tippecanoe, Vigo, and Wayne.

The bill requires the Lottery Commission to transfer \$10 M annually in lottery profits from the Administrative Trust Fund to the Prekindergarten Pilot Program Fund established by the bill, reducing the annual distribution of lottery profits to the Build Indiana Fund (BIF) by \$10 M.

Additional Information:

Pilot Program Costs: The 13 expansion counties currently have enough qualified providers to serve 1,500 eligible children, but could provide services to approximately 3,400 children by FY 2017 with additional

qualified providers.

Given the average scholarship amount in the current 5-county pilot program (\$5,500), this bill could increase state costs by \$7.2 M in FY 2016 to provide services to 1,500 children, and could grow to \$17 M in FY 2017 if 3,400 children receive prekindergarten scholarships. Since the Prekindergarten Pilot Program Fund is nonreverting, \$2.8 M from the FY 2016 lottery profits transfer would be carried over to FY 2017, so FY 2017 resources would total \$12.8 M. Thus, program costs in FY 2017 may exceed the estimated revenue available for that year. Total program costs in FY 2017 will depend on administrative and legislative decisions.

Impact on the BIF: Under current law, the BIF is guaranteed to receive \$250 M annually in revenue from the following sources: (1) lottery profits; (2) pari-mutuel taxes; (3) surplus revenue from the Charity Gaming Enforcement Fund; and (4) revenue from the state General Fund. The distribution from the state General Fund covers any shortfall in revenue below the \$250 M guarantee level from the other three sources.

According to estimates provided by Hoosier Lottery, BIF will receive lottery profits in the amount of \$305 M in FY 2016, and \$350 M in FY 2017 and FY 2018. The transfer is expected to increase annually thereafter. As a result, the bill will not impact the state General Fund transfer to the BIF.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA.

Local Agencies Affected:

Information Sources: Pre-Kindergarten Pilot Program information website, <http://www.in.gov/fssa/4899.htm>, Melanie Brizzi, Division of Family Resources. Hoosier Lottery presentation to the State Budget Committee, November 20, 2014.

Fiscal Analyst: Bill Brumbach, 232-9559; Randhir Jha, 232-9556.